

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## China - Peoples Republic of

**Post:** Guangzhou

### **U.S. fresh fruit sales on the rise due to ATO-Guangzhou's marketing efforts**

**Report Categories:**

Market Development Reports

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**Report Highlights:**

**General Information:**

ATO Guangzhou successfully facilitated the sales of U.S. fresh fruit in South China with a series of marketing efforts and trade matchmaking services such as jointly themed fruit promotions, buyer missions, handling seminars as well as display contests.

1- In January 2011, Kingo Fruit, a Guangzhou-based company alone imported 45 containers of U.S. fresh table grapes and plums valued at \$16 million from California just two months after they were led by ATO Guangzhou Director and staff to the States as members of South China's fresh fruit buyers' mission to the Produce Marketing Association (PMA) show in Orlando, Florida. According to Kingo's sales manager, this Jiangnan Wholesale Market –based company has expanded and strengthened their distribution network and reach into Beijing, Dalian, and Shanghai in recent years which accounts for their increase in annual purchases and sales. The company's annual purchases of U.S. fresh fruit ranges between \$30-35 million. Kingo Fruit heavily relies on ATO Guangzhou's support in promoting high quality U.S. fresh fruit locally and in the emerging city markets in South China. The first 20 containers of U.S. fruit for the 2011 summer are currently under negotiation and ATO Guangzhou is currently planning a fresh fruit retail promotion to stimulate consumption and raise awareness of U.S. fresh fruit.

2- Golden Wing-Mau, another member of ATO Guangzhou's buyers' mission to the PMA in October 2010, and the single largest fresh fruit distributor in Mainland China, enthusiastically coordinated with ATO Guangzhou staff to promote marketing U.S. fruit through supermarket chain promotions. In September 2010, ATO Guangzhou launched an "American Fresh Fruit Festival" featuring 18 varieties of U.S. fresh fruit. The Festival involved over 40 CR-Vanguard supermarkets (China's largest local supermarket retailer part of the State-owned billionaire conglomerate China Resources Enterprises [HK291]), two Olé outlets (high-end supermarkets) as well as two of the highest grossing Wal-Mart outlets nationwide located in South China. ATO Guangzhou received a report indicating that an estimated 128 metric tons of fresh fruit sold represented total sales of \$406,000 during the two week promotional period.

As Golden Wing-Mau, CR-Vanguard, and Wal-Mart considered a strategy to raise the profile of their imported fruit portfolios, ATO Guangzhou took charge by facilitating negotiations and the entire three-party promotion, the first of its kind ever held between these two large and competing retail chains.

3- ATO Guangzhou introduced and facilitated fruitful discussions with Delaware's PMA. In March 2011, Wal-Mart, CR Vanguard and Golden Wing-Mau have become PMA's first three Chinese companies to become dues-paying members. ATO Guangzhou essentially connected China's three leaders in fresh fruit retail to the U.S. industry. While PMA had tried numerous attempted to establish a relationships with China's retailers in the past via direct contact and through Hong Kong agents, ATO Guangzhou's strong and reliable leadership position in this market allowed PMA to secure meetings with the appropriate decision makers. Furthermore, ATO Guangzhou's endorsement of PMA and presence in the meetings was what persuaded these three market leaders to finally become dues paying members. ATO Guangzhou expects further cooperation with other U.S. agricultural associations interested in China's booming food and drink retail sector. Shenzhen is the corporate headquarters of many of these chains and ATO Guangzhou stands ready to support.

According to China Customs, in 2010, South China ports officially imported \$13 million apples (up 100 percent); \$66 million fresh grapes (up 66 percent); and \$73.4million citrus (up 72 percent). The data did not indicate the value of transshipments through Hong Kong to Guangzhou, which industry insiders believe amounts to twice as much the official shipments.